

Trends Update – Issue 94 (25 November 2008)

Weather

- Met Office forecast that temperatures during December will be below average, and winter rainfall totals are likely to be close to, or below average

Transport and tour operator news

- Port of Boulogne seize SpeedFerries vessel which sails to Dover over unpaid taxes and port fees and the operator subsequently enters administration
- BAA's seven UK airports handled 6% fewer passengers in October than a year earlier, domestic traffic down 6%, European scheduled down 5%, North Atlantic down 7% and other long-haul down 4%
- Alitalia flights disrupted by a new wave of industrial action
- Some Air France flights disrupted as pilots strike over changes to their retirement age
- Jet Airways set to axe its three-times-weekly service from Amritsar to Heathrow
- Northwest to scrap its Detroit to Gatwick flights from 11th January
- Ryanair to scrap its three-times-weekly flights from Alicante to Durham Tees Valley
- Eastern Airways to scrap flights between Manchester and Stansted
- Ryanair to fly daily from Girona to Gatwick and twice-daily from Alicante to Gatwick from 18th December
- From early January unregulated rail fares will increase by an average of 7%

Domestic Economic News

- The rate of UK unemployment increases from 5.4% to 5.8% of the labour force
- The pound falls to below \$1.49 and for the first time below €1.20
- UK consumer price inflation fell back to an annual rate of 4.5% in October
- HM Treasury now forecast that UK GDP will decline by between 0.75% and 1.25% in 2009; the treasury has a track record of being over-optimistic in its forecasts of late

European Economic News

- Russia's Central Bank increases base rates from 11% to 12% in an attempt to stop the slide in the value of the Rouble
- Official figures confirm that the German economy is in recession
- The Eurozone economy has officially entered recession

US Economic News

- The fiscal stimulus planned by the new administration looks set to be larger than previously expected

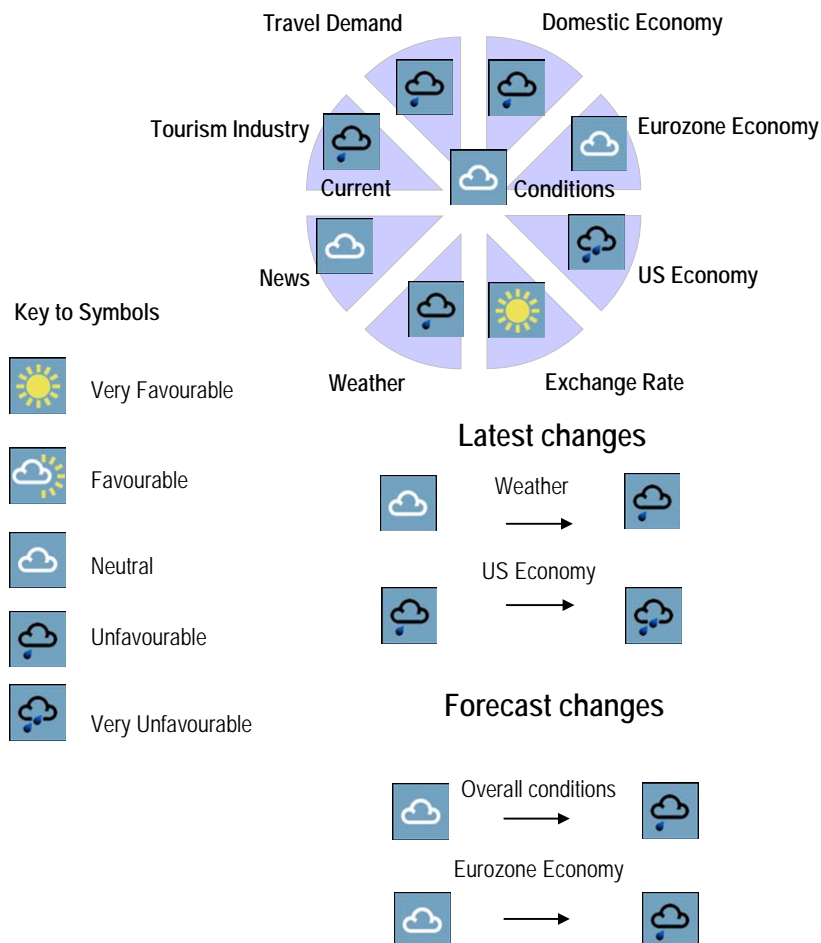
Global Economic News

- The OECD forecast a 'protracted global slowdown', with economic growth in the 30-country bloc of developed nations forecast to fall by 0.3% in 2009 with growth of 1.5% in 2010
- Japanese economy confirmed as being in recession
- Hong Kong enters a recession as the economy contracts for a second consecutive quarter
- Singapore officially enters recession
- Latvia is the latest country forced to seek financial assistance from the IMF

Tourism News

- Plans to replace Air Passenger Duty abandoned, but a new four-tier APD to come into effect on 1st November 2009 with bands for destinations under 2,000 miles from London, 2,000-4,000, 4,000 to 6,000 and over 6,000
- Occupancy (measured in bedspaces) in service accommodation across the UK slipped from 65% in August 2007 to 59% this August according to figures from the United Kingdom Occupancy Survey
- More recent data from PKF indicate hotel occupancy in October stood at 83.8% in London and 72.7% in the regions, down from 86.5% and 77.2% respectively a year earlier
- Global Refund report a 33% annual increase in sales to inbound visitors reclaiming tax in October
- Car rental company Avis reports trade 'noticeably lower' in the final quarter of the year

Factors contributing to tourism trends in Britain, November 2008



- Overall conditions remain in the Neutral range but appear to be heading towards the Unfavourable range
- October weather was unseasonably cool and wet, though sunnier than normal
- The exchange rate remains very favourable, with a strengthening in the US Dollar and Japanese Yen likely to reinforce this trend in coming months
- Forecasts for economic growth both at home and abroad in 2009 continue to be revised downwards
- Airline announcements continue to be dominated by route suspensions rather than improved frequencies or connectivity
- Travel demand continues to fluctuate between the Unfavourable and Neutral range with demand for air travel continuing to be weak
- The Tourism Industry segment continues to be influenced by worsening hotel occupancy figures